

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

PA-01 PRS-01 USIA-06 /086 W  
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R 031835Z JUN 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 7352

INFO AMEMBASSY BONN

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 14232

PASS CEA, TREASURY, FRB

E. O. 11652: N/A

TAGS: ECON, OECD

SUBJECT: CHAIRMANSHIP OF EPC'S WORKING PARTY NO. 4

REF: (A) USOECD 13807

(B) KORP TELCON TO AMEMBASSY LONDON (SWOFFORD)  
MAY 30

1. SUMMARY: U.K. DELEGATION HAS PUT FORWARD NAME OF MR. K.E. COUZENS, DEPUTY SECRETARY OF TREASURY, AS CANDIDATE FOR CHAIRMANSHIP OF WP-4. THIS CANDIDACY ANNOUNCED BY SECRETARIAT WITHOUT PRIOR CONSULTATION CANDIDATE IN VIEW BRITISH CHAIRMANSHIP OF EPC, BUT MAY BE PREPARED ACCEPT COMPROMISE APPOINTMENT FOR ONE YEAR WHILE EFFORTS ARE MADE TO FIND ALTERNATIVE CANDIDATE FROM ANOTHER MEMBER COUNTRY. GERMAN DELEGATE TO EPC MAY RAISE THIS QUESTION AT EPC BUREAU MEETING JUNE 16. SECRETARIAT HAS ASKED US TO CNFIRM THAT COUZENS CANDIDACY WOULD BE ACCEPTABLE, SO THAT ELECTION CAN PROCEED AT EPC MEETING JUNE 16-L7. ACTION REQUESTED: CONFIRMATION  
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THAT U.S. CAN SUPPORT ELECTION OF BRITISH CHAIRMAN OF

WP-4 . END  
SUMMARY.

2. MISSION HAS RECEIVED LETTER FROM JOHN FAY, HEAD OF DEPARTMENT OF ECONOMICS AND STATISTICS, PROPOSING BRITISH CANDIDATE FOR CHAIRMANSHIP OF WP-4. FAY RECALLS THAT CHAIRMANSHIP HAS BEEN FILLED TEMPORARILY BY DAVID SLATER OF CANADA, WHO IS UNABLE TO CONTINUE ON PERMANENT BASIS. MISSION HAS NO KNOWLEDGE OF OTHER CANDIDATES AT PRESENT, ALTHOUGH THERE WAS PRELIMINARY DISCUSSION OF POSSIBLE AUSTRIAN CANDIDACY IN APRIL WHICH WAS SUBSEQUENTLY WITHDRAWN.

3. U.K. DELEGATION INFORMS US THAT COUZENS' CANDIDACY RESULTED FROM DECISION BY SIR DOUGLAS WASS AFTER EPC MEETING IN MARCH TO PROPOSE A CANDIDATE IF NO OTHER CANDIDATES WERE PUT FORWARD. U.K. DELEGATION GAVE IMPRESSION THAT TREASURY WAS RELUCTANT TO PUT FORWARD CANDIDATE WHOSE TALENTS ARE SORELY NEEDED AT HOME IN DEALING WITH DOMESTIC INFLATION PROBLEM, AND THAT IT WAS PRIMARILY IN SPIRIT OF HELPING FILL VACUUM AND AVOIDING POSSIBLE EMBARRASSMENT IF NOBODY STEPPED FORWARD TO TAKE SLATER'S PLACE. THEY AGREED TO NOMINATE COUZENS AFTER BEING ASKED TWICE BY SECRETARIAT TO PROPOSE SUITABLE CANDIDATE.

4. BRITISH CANDIDATE IS HIGH-LEVEL CIVIL SERVANT IN TREASURY WHO IS PRESENTLY RESPONSIBLE FOR TREASURY WORK ON COUNTER-INFLATION AND PRICE-INCOMES POLICY. HE HAS ALSO WORKED ON CONTROL OF PUBLIC EXPENDITURE IN VARIOUS SECTORS AND ON CIVIL SERVICE PAY, PERSONNEL AND MACHINERY OF GOVERNMENT. WE NOTE THAT HIS EXPERIENCE DOES NOT APPEAR TO BE VERY BROAD WITH REGARD TO FULL RANGE OF WP-4'S CONCERNS WITH INFLATIONS; IN PARTICULAR, IT WOULD APPEAR THAT HE HAS DONE LITTLE WITH COMMODITY PROBLEMS, RESOURCE ALLOCATION PROBLEMS, OR WITH MONETARY POLICY AND ITS RELATIONSHIP TO INFLATION. OUR MAIN CONCERN IS THAT HIS PRESENT RESPONSIBILITY" FOR PRICE-INCOMES POLICY MIGHT LEAD HIM TO IDENTIFY CLOSELY WITH CURRENT SECRETARIAT BIAS IN FAVOR OF "

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STATUTORY CONTROLS RATHER THAN DEMAND MANAGEMENT APPROACH TO INFLATION PROBLEMS. HOWEVER, WE UNDERSTAND FROM EMBASSY LONDON (REFTELCON) THAT COUZENS IS NOT CONSIDERED TO PHILOSOPHICALLY WEDDED TO IDEA OF CONTROLS AS BEST ANTI-INFLATIONARY DEVICE AND IS KNOWN TO BE FLEXIBLE IN HIS VIEWS. HE APPEARS WELL THOUGHT OF BY EMBASSY LONDON OFFICERS WHO HAVE KNOWLEDGE OF HIM.

5. GERMAN DELEGATION HAS VERY STRONG RESERVATIONS ABOUT DESIRABILITY OF U.K. CHAIRMAN OF EPC, AND WHEN SECRETARIAT IS HEAVILY WEIGHTED WITH U.K. NATIONALS IN SENIOR POSITIONS IN ECONOMICS AND STATISTICS DEPARTMENT GERMANS ARE PARTICULARLY ANNOYED THAT SECRETARIAT DID

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 14232

NOT CONSULT DELEGATIONS IN ADVANCE REGARDING U.K. PROPOSAL FOR CHAIRMANSHIP OF THIS IMPORTANT COMMITTEE. THEY NOTE THAT SECRETARIAT ASKED ONLY BRITISH TO NOMINATE CANDIDATE; AND, AFTER RECEIVING NOMINATION, DID NOT HOLD FURTHER CONSULTATIONS WITH DELEGATIONS BEFORE FORMAL PROPOSAL WAS CIRCULATED. GERMANS SEE THIS AS "OLD SCHOOL TIE" OPERATION WHICH HAS BEEN PUT ACROSS AS EFFECTIVE FAIT ACCOMPLI. THEIR INITIAL POSITION (CLEARED WITH BONN) WAS THAT COUZENS WOULD BE UNACCEPTABLE AS WP-4 CHAIRMAN ON GROUNDS OF NATIONALITY.

6. GERMANS PUT FORWARD THEIR CONCERNS AT LUNCHEON

MAY 3L FOR U.S., U.K., JAPAN, ITALY, AUSTRALIA, AUSTRIA  
AND SWITZERLAND DELEGATION REPS. GROUP WAS UNANIMOUS  
THAT IT WOULD BE PREFERABLE TO HAVE CANDIDATE FROM SOME  
OTHER COUNTRY THAN BRITAIN, BUT IN ABSENCE OF ALTERNA-  
TIVE CANDIDATE AND IN VIEW OF PUBLIC CIRCULATION OF  
BRITISH CANDIDACY, IT WAS IMPORTANT TO AVOID  
EMBARRASSMENT FOR U.K. DELEGATION. ALL AGREED THAT  
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SECRETARIAT HANDLING OF NOMINATION WAS DEPLORABLE  
AND SEVERAL COMPLAINED THAT THIS WAS NOT FIRST TIME  
SOMETHING HAD BEEN PRESENTED AS FAIT ACCOMPLI WITHOUT  
PRIOR CONSULTATION.

7. U.K. REP PROPOSED COMPROMISE UNDER WHICH COUZENS  
WOULD ACCEPT CHAIRMANSHIP FOR ONE YEAR WITH UNDERSTAND-  
ING THAT HE WOULD STEP DOWN IN FAVOR ALTERNATIVE  
CANDIDATE AT END OF PERIOD. HE ALSO EMPHASIZED HIS  
DELEGATION'S DISSATISFACTION WITH SECRETARIAT HANDLING  
OF NOMINATION, AND OFFERED TO PROPOSE TO HIS AMBASSADOR  
THAT LETTER BE SENT TO SECRETARY-GENERAL PROTESTING  
LACK OF CONSULTATIONS AND NOTING SIMILAR VIEWS OF  
OTHER SEVEN COUNTRIES AROUND TABLE. ALL MEMBERS OF  
GROUP ACCEPTED THIS SUGGESTION, WITH GERMANS INDICATING  
THEY WOULD SEND INDEPENDENT LETTER TO SECRETARY-GENERAL.  
U.K. PROPOSAL FOR ONE YEAR TERM OF CHAIRMANSHIP FOR  
COUZENS ALSO WELCOME, SUBJECT TO CONFIRMATION BY  
CAPITALS, WITH GERMANS AGREEING TO PROPOSE THIS  
COMPROMISE TO BONN.

8. MISSION BELIEVES THAT IT WOULD HAVE BEEN PREFERABLE  
TO HAVE QUALIFIED CANDIDATE FROM SOME OTHER COUNTRY THAN  
U.K., IF THIS HAD BEEN POSSIBLE, IN VIEW OF HEAVY U.K.  
REPRESENTATION IN ECONOMICS AND STATISTICS DEPARTMENT  
AND EPC. HOWEVER, IN VIEW CURRENT LACK OF ALTERNATIVE  
CANDIDATE FOR CHAIRMAN OF WP-4, IT WOULD SEEM THAT WE  
HAVE NO CHOICE BUT TO SUPPORT COUZENS' CANDIDACY FOR  
ONE YEAR PERIOD OF CHAIRMANSHIP. GERMANS HAVE ADVISED  
US THAT DR. TIETMEYER MAY RAISE QUESTION OF BRITISH  
CANDIDACY AND WAY IT WAS HANDLED WHEN EPC BUREAU  
MEETS ON EVENING OF JUNE 16. HOWEVER, THIS WOULD BE  
TOO LATE TO AFFECT ELECTIONS OF OFFICERS BY EPC  
EARLIER IN DAY. ACTION REQUESTED: PLEASE ADVISE  
SOONEST IF U.S. CAN SUPPORT U.K. CANDIDATE FOR  
WP-4 CHAIRMANSHIP, SO MISSION CAN BE ADEQUATELY GUIDED  
IN INFORMAL CONSULTATIONS AMONG DELEGATIONS AND CAN  
INFORM SECRETARIAT OF OUR POSITION.  
TURNER

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## Message Attributes

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